

Draft

**COMMONWEALTH OF VIRGINIA
VIRGINIA PUBLIC BUILDING AUTHORITY
Board of Directors Meeting
June 20, 2006**

1:30 p.m.
3rd Floor Conference Room
James Monroe Building
101 North 14th Street,
Richmond, Virginia

Members Present: Sarah B. Williams, Chair
Priscilla Burbank, Vice Chair
David Von Moll
J. Braxton Powell, Secretary/Treasurer

Member Participating
Via Telephone Conference
(Not Voting): Monique Nadeau-Langridge

Others Present: Tracy L. Clemons, Sr. Department of Treasury
Calvin Johnson, Jr. Department of Treasury
Donald Ferguson, Esq. Office of the Attorney General
Eric E. Ballou, Esq. Christian & Barton, L.L.P.
Janet Lee PRAG (By Phone)
Treasury Staff and others were also in attendance.

CALL TO ORDER

With a quorum present, the Chair, Ms. Williams, called the meeting to order at 1:37p.m. At this time Don Ferguson informed the Board that the published notice of the meeting did not meet the 7 day time requirements, as required by the Freedom of Information Act. He explained that because of this reason, the participation of those members in attendance by phone would be limited. They would be allowed to listen, but could not make comments or cast votes. We then proceeded with the meeting.

PUBLIC COMMENT

The Chair, Ms. Williams, asked if there were any members of the public present that wished to comment on Board activities. There was no public comment.

APPROVAL OF MINUTES

Mrs. Burbank made a motion to approve the minutes of the November 8, 2005 meeting. The motion was seconded by Mr. Von Moll and unanimously approved by the Board members present.

CONSIDERATION OF ISSUANCE OF VPBA PUBLIC FACILITIES REVENUE BONDS, SERIES 2006A

Mr. Clemons reintroduced Calvin Johnson, the Virginia Public Building Authority's Analyst to the Board. He told the Board that Calvin has been working well and progressing with the VPBA for over a year now. He then turned the floor over to Calvin to review the Preliminary Financing Summary. Calvin then directed the Boards attention to the Preliminary Financing Summary for the proposed issuance of up to \$125,000,000 Public Facilities Revenue Bonds 2006A, to (i) finance certain capital projects for use by the Commonwealth, (ii) to provide funding for the Commonwealth's share of the cost of local and regional jail and juvenile detention construction projects, and (iii) to pay costs of issuing the 2006A bonds. (Attachment A)

Upon a motion made by Mr. Von Moll and seconded by Mr. Powell, the Board Members present unanimously approved the resolution authorizing the issuance, sale and award of up to 135,000,000 Public Facilities Revenue Bonds, Series 2006A. (Attachment B)

CONSIDERATION OF RESOLUTION AUTHORIZING THE VPBA TO INCUR TREASURY LOANS

The Board considered Approval to Secure Interim or Short-Term Financing to State Treasurer, with Standing Delegation. Tracy Clemons explained to the Board that unlike the previous resolution that was passed in 2004, this one will not have a sunset date. Upon a motion made by Mrs. Burbank and seconded by Mr. Von Moll, the Board members present unanimously approved the resolution. (Attachment C)

OTHER BUSINESS

Update on Sale of Series 2005C & 2005D Bonds

Mr. Clemons directed the Board to the Final Financing Summary (Attachment D) contained in the Board Package and provided a brief summary of the results of the sale of the Authority's \$165,810,000 Public Facilities Revenue Bonds, Series 2005C (the "2005C Bonds"). The 2005C Bonds were sold on November 8, 2005 on a competitive basis, at a true interest cost of 4.0253% to a syndicate led by Morgan Stanley & Co. He then introduced Janet Lee (by phone) who explained the results of the 2005D Variable rate sale.

Consideration of Extension of Financial Advisor Contracts

Upon a motion made by Mrs. Burbank and seconded by Mr. Von Moll, the Board members present unanimously approved a motion to exercise a year's extension of the Authority's two financial advisory contracts with PRAG (primary) and, PFM (secondary) until June 30, 2007.

Quarterly Delegation Reports

Mr. Johnson provided staff's review of the Quarterly Delegation Report. There was one access easement granted during the 1st Quarter of the year on behalf of the Department of Corrections, and none during the 2nd Quarter.

Legislative Update of 2006 Session

Mr. Clemons lead the discussion on the 2006 Legislative Session and how it affected the VPBA. Tracy explained that the Forensic lab that was previously funded by the VPBA, will now be funded by the General Fund. The amount of funding will be in the neighborhood of \$200 million. He also noted that the final phase of STARS was authorized this session in the amount of \$201 million.

VPBA Financial Statements For Year Ending June 30, 2005

Tracy directs the board's attention to the financial statements that were handed out prior to the meeting. He then explains the reasoning why the financials show a negative line item for the Virginia Public Building Authority's debt, and how this is not a negative thing.

Resolutions of Recognition and Appreciation

Resolutions were passed unanimously to recognize the outstanding contributions and service that was given to the board by Jody Wagner and Myron Mintz. (Attachment E)

ADJOURNMENT

Having no other business to be brought before the Board, the meeting was adjourned at 2:20 p.m.

Respectfully submitted,

Tracy L. Clemons, Sr.

Assistant Secretary/Treasurer #2

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[\(ATTACHMENT A\)](#)

PRELIMINARY FINANCING SUMMARY

**Virginia Public Building Authority
\$125,000.000* Public Facilities Revenue Bonds, Series 2006A
June 5, 2006**

Title: \$125,000,000* Public Facilities Revenue Bonds, Series 2006A (the “2006A Bonds”).

Issuer: Virginia Public Building Authority (the “Authority”).

Constitutional Reference: Article X, Section 9(d).

Legislative Reference: Virginia Public Building Authority Act of 1981, Article 6, Chapter 22, of the *Code of Virginia* of 1950, as amended.

Purpose: The proceeds of the Bonds will be used to (i) finance certain capital projects for use by the Commonwealth of Virginia, (ii) to provide funding for the Commonwealth’s share of the cost of local and regional jail and juvenile detention construction projects, and (iii) to pay the costs of issuing of the Bonds. *(See attached project list.)*

Security: Payment Agreement between the Authority and the Treasury Board providing for certain amounts appropriated by the General Assembly to be paid to the Authority to make payments of debt service on the 2006A Bonds and all other bonds issued under the Master Indenture.

Method of Sale: Competitive.

Sale Date: TBD*

Dated Date: [July 15/August 1, 2006]

Delivery Date: TBD*

Bond Structure: Serial bonds maturing annually in years 2007 through 2026, paying current semiannual interest and annual principal and structured on a level debt basis.

Payment Dates: *Principal:* Annually on August 1, beginning August 1, 2007; with a final maturity of August 1, 2026*.

Interest: Semi-annually on February 1 and August 1; beginning February 1, 2007

PRELIMINARY FINANCING SUMMARY

Virginia Public Building Authority
\$125,000,000* Public Facilities Revenue Bonds, Series 2006A
June 5, 2006

Optional

Redemption

Provision: The 2006 Bonds may be redeemed, in whole or in part, prior to their respective maturities at the sole option of the Authority on or after August 1, 2016, at par plus accrued interest to the redemption date.

Denomination: \$5,000 or multiples thereof.

Registration

Provisions: Book-entry-only through the facilities of The Depository Trust Company.

True Interest Cost: Competitive Bid

Expected Ratings: Fitch Ratings: AA+
Moody's Investors Service: Aa1
Standard & Poor's: AA+

Underwriter: Competitive Bid

Bond Counsel: Christian & Barton, L.L.P., Richmond, Virginia

Financial Advisor: Public Resources Advisory Group, New York, NY

Trustee: The Bank of New York, New York, New York.

Estimated Costs

Of Issuance: \$150,000 excluding underwriters' discount

(ATTACHMENT B)

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND AWARD OF PUBLIC
FACILITIES REVENUE BONDS, SERIES 2006A, BY THE VIRGINIA PUBLIC
BUILDING AUTHORITY**

WHEREAS, the Virginia Public Building Authority (the “Authority”) is empowered by the Virginia Public Building Authority Act of 1981, Article 6, Chapter 22, Title 2.2, Code of Virginia of 1950, as amended (the “Act”), among other things, to issue revenue bonds and refunding bonds to finance and refinance, respectively, the acquisition, construction, improvement, furnishing and equipping of public facilities for use by the Commonwealth of Virginia (the “Commonwealth”) and its agencies and to finance and refinance the Commonwealth’s share of the costs of certain capital projects made pursuant to applicable Virginia law (together, the “Projects”) and to pay the costs of issuance of such bonds;

WHEREAS, the Authority has entered into (a) a Master Indenture of Trust, dated as of April 15, 1997 (the “Master Indenture”), with Signet Trust Company (predecessor in interest to The Bank of New York) as trustee (the “Trustee”), providing for the issuance from time to time of the Authority’s Public Facilities Revenue Bonds, and (b) a Payment Agreement, dated as of April 15, 1997, with the Treasury Board of the Commonwealth providing for certain amounts appropriated by the General Assembly to be paid to the Authority to make payments of debt service on all bonds issued under the Master Indenture;

WHEREAS, the Authority has determined to issue its Public Facilities Revenue Bonds, Series 2006A (the “Bonds”), and to sell the Bonds through a competitive bidding process, to (a) finance or refinance the acquisition, construction, improvement, rehabilitation, furnishing and equipping of various public facilities for use by the Commonwealth and its agencies, (b) finance or pay the costs of certain regional and local jail and juvenile detention facility projects, and (c) pay costs of issuance of the Bonds, or any combination of the foregoing; and

WHEREAS, there have been presented to the Authority at this meeting drafts of the following documents:

(a) Preliminary Official Statement, to be dated the date of its distribution (the “Preliminary Official Statement”), with respect to the offering of the Bonds, describing, among other things, the Bonds, the Authority and the initial projects to be financed with the Bonds;

(b) Notice of Sale, to be dated the date of the Preliminary Official Statement (the “Notice of Sale”), setting forth the structure and terms of the sale of the Bonds and of the award by the Authority through a competitive bidding process, including a bid form;

(c) Eighteenth Supplemental Indenture of Trust, draft to be dated as of [August 1, 2006] (the “Eighteenth Supplemental Indenture”), between the Authority and the Trustee, including the form of the Bonds, authorizing the issuance of the Bonds and providing for the security therefor, all pursuant to the terms of the Master Indenture and the Projects to be financed with the proceeds of the Bonds; and

(d) The forms of Facilities Agreement and Amendment to Facilities Agreement with respect to the Projects or managing agents already the subject of prior facilities agreements (together, such facilities agreements and amendments, as applicable, the “2005C Facilities Agreements”), providing for certain matters regarding the operation and use of such projects; provided, however, that the departments, agencies and institutions of the Commonwealth amending a Facilities Agreement will be those acting as managing agents with respect to applicable Projects or prior Authority projects;

NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA PUBLIC BUILDING AUTHORITY THAT:

1. Preliminary Official Statement. The Preliminary Official Statement, in substantially the form presented at this meeting with such completions, omissions, additions and changes as shall be approved by the State Treasurer (the Secretary/Treasurer of the Authority) or her staff in connection with the offering and sale of the Bonds and the financing of the Projects is approved and the distribution thereof is authorized. The Authority authorizes the State Treasurer to deem the Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”), and distribution of the Preliminary Official Statement shall constitute conclusive evidence that it has been deemed final as of its date, except for the omission of such pricing and other information as permitted by the Rule.

2. Notice of Sale. The Notice of Sale in substantially the form presented at this meeting, with such completions, omissions, additions and changes as shall be approved by the State Treasurer or his staff in connection with the offering and sale of the Bonds, including the receipt of bids electronically, is approved and the distribution and advertisement thereof is authorized.

3. Issuance and Sale of Bonds. Pursuant to the Act, the Authority authorizes the issuance of the Bonds in accordance with the Eighteenth Supplemental Indenture and the sale thereof in accordance with the Notice of Sale, including the receipt of bids electronically; *provided, however,* that (a) the aggregate principal amount of the Bonds shall not exceed \$135,000,000; (b) the final stated maturity of the Bonds is not later than August 1, 2027; (c) the “true” interest cost of the Bonds, determined in accordance with the terms of the Notice of Sale, shall not exceed 5.25%, taking into account original issue discount or premium, if any; and (d) the Bonds shall be sold at a price not less than 98% of the aggregate principal amount thereof.

4. Delegation to State Treasurer; Award of Bonds. The Authority hereby delegates to the State Treasurer the power with respect to the Bonds, subject to and within the limitations set forth in the preceding paragraph, (a) to determine and approve the details of the Bonds, including, without limitation, their designation, aggregate principal amount, maturity schedule, price or prices, interest rates, redemption provisions and the price(s) at which the Bonds are to be sold to the Winning Bidder (as defined below), as will best effect the purposes and provisions of the Act and this Resolution; (b) to approve the form of all documents that are appropriate to carry out the contemplated financing; (c) to deem the Preliminary Official Statement final as of its date as contemplated in Paragraph 1 hereof and to complete the Preliminary Official Statement as an Official Statement in final form as contemplated in Paragraph 6 hereof; (d) to postpone or cancel the sale of the Bonds or change the dated date of the Bonds (including their name or series designation) and the documents herein approved, if in his sole discretion market and other conditions so warrant; (e) to award the Bonds to the responsive bidder whose bid offers to purchase the Bonds at the lowest true interest cost to the Authority as determined by Public Resources Advisory Group, the Authority’s financial advisor (the “Winning Bidder” and the “Winning Bid”), all in accordance with

the terms of the Notice of Sale, including the receipt of bids electronically; and (g) to take all such further action as may be necessary or desirable for the issuance, sale and delivery of the Bonds.

5. Eighteenth Supplemental Indenture and 2006A Facilities Agreements. The Eighteenth Supplemental Indenture and the 2006A Facilities Agreements shall be in substantially the forms presented at this meeting, which are approved, with such completions, omissions, additions and changes, including those necessary to reflect the Projects and the specifics determined in accordance with Paragraphs 2 and 3 hereof, and the Winning Bid, as shall be approved by the Chairman, Vice-Chairman or Secretary/Treasurer of the Authority. The Chairman, the Vice-Chairman or the Secretary/Treasurer, any of whom may act, is authorized and directed to execute the Eighteenth Supplemental Indenture and the 2006A Facilities Agreements, which execution shall constitute conclusive evidence of approval of any such completions, omissions, additions and changes, and to determine the Projects from time to time to be financed with proceeds of the Bonds. The Eighteenth Supplemental Indenture may have a different numbered supplemental designation if necessary or desirable. The executed Eighteenth Supplemental Indenture shall be delivered to the Trustee.

6. Official Statement. The Authority authorizes and directs the State Treasurer and her staff to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement"). The Chairman or Vice-Chairman of the Authority, either of whom may act, is authorized and directed to execute the Official Statement, which execution shall constitute conclusive evidence of his or her approval of the Official Statement and that the Authority has deemed it final within the meaning of the Rule. The Authority authorizes and directs its staff to arrange for the delivery to the Winning Bidder of a reasonable number of copies of the Official Statement, within seven business days after the sale date of the Bonds, for distribution by the Winning Bidder to each potential investor requesting a copy thereof and to each person to whom the Winning Bidder initially sells Bonds. The Authority authorizes and approves the distribution of the Official Statement by the Winning Bidder.

7. Continuing Disclosure. The Authority covenants to undertake ongoing disclosure and to provide "annual financial information" and "material event notices," all as described in the Eighteenth Supplemental Indenture, for the benefit of holders of the Bonds to assist the Winning Bidder in complying with the Rule. The Authority authorizes and directs its officers to execute any documents or agreements on behalf of the Authority necessary or desirable to provide for such continuing disclosure.

8. Preparation of Bonds. The Chairman or the Vice-Chairman of the Authority, either of whom may act, and the Secretary/Treasurer or Assistant Secretary/Treasurer of the Authority, either of whom may act, are authorized and directed (a) to have the Bonds prepared and executed pursuant to the Master Indenture and the Eighteenth Supplemental Indenture, (b) to deliver them to the Trustee for authentication, and (c) to cause the Bonds so executed and authenticated to be delivered to, or for the account of, the Winning Bidder upon payment of the purchase price as provided in the Winning Bid and the Notice of Sale.

9. Other Undertakings. The Authority authorizes and directs its staff, its financial advisor, Public Resources Advisory Group, and its bond counsel, Christian & Barton, L.L.P., to take such actions as shall be necessary or appropriate to obtain a rating or ratings for the Bonds from Fitch, Inc., Moody's Investors Service and/or Standard & Poor's Rating Services.

10. Other Documents. The Authority further authorizes and directs its officers to execute and deliver all certificates, instruments and documents and to take such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds, including, without limitation, execution and delivery of a non-arbitrage certificate and tax compliance agreement setting forth the expected use and investment of proceeds of the Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations issued pursuant thereto (the “Code”), applicable to “arbitrage bonds,” making any elections that such officers deem desirable regarding any provision requiring rebate to the United States of arbitrage profits earned on the investment of proceeds of the Bonds, providing for payment of any such rebate amount and providing for ongoing compliance to maintain the tax-exempt status of the Bonds.

11. Other Actions. The Authority approves and confirms all other actions of its officers and staff that are in conformance with the purpose or intent of this resolution and in furtherance of the issuance and sale of the Bonds.

12. Conflicting Resolutions. All resolutions or parts of resolutions in conflict herewith are repealed.

13. Effective Date. This resolution shall take effect immediately and shall continue in full force and effect for a period of six months, unless specifically extended or the Bonds are issued.

The undersigned Assistant Secretary/Treasurer of the Authority certifies that the foregoing is a true and correct copy of a Resolution adopted by the Authority at a duly called meeting held on June 20, 2006. At such meeting, the following members of the Authority were present and absent as follows:

PRESENT: Sarah Bane Williams
Priscilla Burbank
J. Braxton Powell
David A. Von Moll
Monique Nadeau Langridge (by teleconference)

ABSENT: Myron J. Mintz
Steven R. Perkins

The foregoing resolution was duly adopted at such meeting by the following vote:

<u>MEMBER</u>	<u>VOTE</u>
Sarah Bane Williams	Yes
Priscilla Burbank	Yes
J. Braxton Powell	Yes
David A. Von Moll	Yes

The resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof. The resolution is the resolution adopted by the Authority relating to the issuance and sale by the Authority of its \$125,000,000 Public Facilities Revenue Bonds, Series 2006A.

Dated: June 20, 2006

Assistant Secretary/Treasurer of the
Virginia Public Building Authority

(ATTACHMENT C)

**RESOLUTION AUTHORIZING THE VIRGINIA PUBLIC BUILDING AUTHORITY TO
INCUR TREASURY LOANS**

WHEREAS, the Virginia Public Building Authority (the “Authority”) is empowered by the Virginia Public Building Authority Act of 1981, Article 6, Chapter 22, Title 2.2, Code of Virginia of 1950, as amended (the “Act”), among other things, to issue revenue bonds to finance the acquisition, construction, improvement, furnishing and equipping of public facilities for use by the Commonwealth of Virginia (the “Commonwealth”) and its agencies;

WHEREAS, the Appropriations Act of the Commonwealth of Virginia authorizes any state agency or body corporate and politic, constituting a public corporation and government instrumentality, to borrow from the state treasury required sums for capital expenses, where the payment of authorized obligations for such capital expenses is required prior to the collection of proceeds of authorized debt;

WHEREAS, the Authority desires to authorize borrowings from the state treasury (“Treasury Loans”) for capital projects approved by the General Assembly for financing by the Authority;

**NOW, THEREFORE, BE IT RESOLVED BY THE VIRGINIA PUBLIC BUILDING
AUTHORITY THAT:**

1. In anticipation of the issuance of bonds by the Authority from time to time (“VPBA Bonds”) and the receipt of the proceeds thereof, there is hereby authorized the incurrence of Treasury Loans for any or all of such projects as shall have been approved by the General Assembly for financing by the Authority (each, a “Project”).

2. Such Treasury Loans shall be as provided in, and subject to the applicable requirements of, Section 4-3.02 of the current Appropriations Act (Chapter 951, 2005 Acts of the Virginia General Assembly) or any similar or succeeding section in the then-current Appropriations Act, as applicable, and any implementing procedures therefore.

3. The Authority hereby delegates to the State Treasurer the power with respect to Treasury Loans, subject to the limitations set forth in the preceding paragraph, to determine the details of any Treasury Loan, including, without limitation, its principal amount, form and maturity, to approve the form of all documents and instruments that are appropriate to implement any Treasury Loan and to carry out the provisions of this Resolution, and the authority to take all such further action as may be necessary or desirable hereunder, including without limitation the execution of all such documents and instruments, all in accordance with the Act, the applicable Appropriations Act and this Resolution; provided further that Treasury Loans shall only be repaid from proceeds of VPBA Bonds or other financing arrangement.

4. This resolution shall take effect immediately.

(ATTACHMENT D)

FINAL FINANCING SUMMARY

**Virginia Public Building Authority
\$165,810,000 Public Facilities Revenue Bonds, Series 2005C
November 9, 2005**

Title: \$165,810,000 Public Facilities Revenue Bonds, Series 2005C (the “2005C Bonds”).

Issuer: Virginia Public Building Authority (the “Authority”).

Constitutional Reference: Article X, Section 9(d).

Legislative Reference: Virginia Public Building Authority Act of 1981, Article 6, Chapter 22, of the *Code of Virginia* of 1950, as amended.

Purpose: The proceeds of the Bonds will be used to (i) finance certain capital projects for use by the Commonwealth of Virginia, (ii) to provide funding for the Commonwealth’s share of the cost of local and regional jail and juvenile detention construction projects, and (iii) to pay the costs of issuing the 2005C Bonds. *(See attached project list.)*

Security: Payment Agreement between the Authority and the Treasury Board providing for certain amounts appropriated by the General Assembly to be paid to the Authority to make payments of debt service on the 2005C Bonds and all other bonds issued under the Master Indenture.

Method of Sale: Competitive.

Sale Date: November 8, 2005

Dated Date: November 1, 2005

Delivery Date: November 22, 2005

Bond Structure: Serial bonds maturing annually in years 2005 through 2022, paying current semiannual interest and annual principal and structured on a level debt basis.

Payment Dates: *Principal:* Annually on August 1, beginning August 1, 2006; with a final maturity of August 1, 2022.

Interest: Semi-annually on February 1 and August 1; beginning February 1, 2006

FINAL FINANCING SUMMARY

Virginia Public Building Authority \$165,810,000 Public Facilities Revenue Bonds, Series 2005C November 9, 2005

Optional

Redemption

Provision: The 2005 Bonds may be redeemed, in whole or in part, prior to their respective maturities at the sole option of the Authority on or after August 1, 2015, at par plus accrued interest to the redemption date.

Denomination: \$5,000 or multiples thereof.

Registration

Provisions: Book-entry-only through the facilities of The Depository Trust Company.

True Interest Cost: 4.025345%

Ratings:

Fitch Ratings:	AA+
Moody's Investors Service:	Aa1
Standard & Poor's:	AA+

Underwriter: Morgan Stanley & Co.

Bond Counsel: Christian & Barton, L.L.P., Richmond, Virginia

Financial Advisor: Public Resources Advisory Group, New York, NY

Trustee: The Bank of New York, New York, New York.

Estimated Costs

Of Issuance: \$150,000 excluding underwriters' discount

(ATTACHMENT E)

Recognition Resolution